
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Hao Bai International (Cayman) Limited**, you should at once hand this Prospectus Documents to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed “15. Documents delivered to the Registrar of Companies in Hong Kong” in Appendix III to this Prospectus, has been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of the Prospectus Documents.

Dealings in the Shares and the Rights Shares in both nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC and you should consult your stockbroker or licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings in the Rights Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.

HAO BAI INTERNATIONAL (CAYMAN) LIMITED 浩柏國際（開曼）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8431)

PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

Placing Agent



Unless the context requires otherwise, capitalised terms used on this cover shall have the same meanings as those defined in this Prospectus.

The Rights Issue is on a non-underwritten basis. Pursuant to the Company’s constitutional document, the Companies Act, the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) and the GEM Listing Rules, there is no requirement for a minimum level of subscription in the Rights Issue. The Rights Issue is subject to fulfillment of the conditions of the Rights Issue as set out in the paragraph headed “Letter from the Board – Rights Issue – Conditions of the Rights Issue” of this Prospectus at or prior to the latest time for the Rights Issue to become unconditional (which is currently expected to be 4:00 p.m. on Tuesday, 29 August 2023). If the conditions of the Rights Issue are not fulfilled at or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed.

Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 2 August 2023 to Wednesday, 9 August 2023 (both days inclusive). Any person contemplating dealing in the nil-paid Rights Shares during the period from Wednesday, 2 August 2023 to Wednesday, 9 August 2023 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form is recommended to consult his/her/its/their own professional advisers.

The latest time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Monday, 14 August 2023. The procedures for acceptance and transfer are set out in the section headed “Letter from the Board – Rights Issue – Procedures for acceptance and payment and/or transfer” of this Prospectus.

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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EXPECTED TIMETABLE

The expected timetable for the Rights Issue set out below is for indicative purposes only and has been prepared on the assumption that the conditions of the Rights Issue will be fulfilled. The expected timetable is subject to change. Further announcement(s) will be made in the event of any change to the timetable as and when appropriate.

Event	Date
First day of dealings in nil-paid Rights Shares	Wednesday, 2 August 2023
Latest time for splitting of PALs	4:30 p.m. on Friday, 4 August 2023
Last day of dealings in nil-paid Rights Shares	Wednesday, 9 August 2023
Latest Time for Acceptance of and payment for the Rights Shares	4:00 p.m. on Monday, 14 August 2023
Announcement of the number of the Untaken Shares and NQS Unsold Shares subject to the Placing	Thursday, 17 August 2023
Commencement of the Placing Period (if there are any Untaken Shares and NQS Unsold Shares available)	Friday, 18 August 2023
Placing End Date for placing the Placing Shares	6:00 p.m. on Monday, 28 August 2023
Latest time for the Rights Issue to become unconditional and the Placing Long Stop Date	4:00 p.m. on Tuesday, 29 August 2023
Placing completion date	Thursday, 7 September 2023
Announcement of results of the Rights Issue (including results of the placing of Untaken Shares and NQS Unsold Shares and the amount of the Net Gain per Untaken Share and NQS Unsold Share under the Placing)	Friday, 8 September 2023
Despatch of share certificates for the Rights Shares or refund cheques, if terminated	Monday, 11 September 2023
Expected first day of dealings in fully-paid Rights Shares	Tuesday, 12 September 2023

EXPECTED TIMETABLE

Event	Date
Designated broker starts to stand in the market to provide matching services for odd lots of the Shares	9:00 a.m. on Tuesday, 12 September 2023
Designated broker ceases to stand in the market to provide matching services for odd lots of the Shares	4:00 p.m. on Tuesday, 3 October 2023
Payment of the Net Gain (if any) to relevant No Action Shareholders (if any).	Tuesday, 3 October 2023

Notes:

- (1) Shareholders should note that the dates and deadlines specified in the above timetable, and in other parts of this Prospectus are indicative only and subject to change. Further announcement(s) will be made if there is any change to the expected timetable.
- (2) All references to times and dates are references to Hong Kong times and dates.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE

The Latest Time for Acceptance will not take place if a tropical cyclone signal No. 8 or above, or “extreme conditions” caused by super typhoons or a “black” rainstorm warning is:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Monday, 14 August 2023, being the date on which the Latest Time for Acceptance falls. In this case, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Monday, 14 August 2023, being the date on which the Latest Time for Acceptance falls. In this case, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day on which none of the aforementioned warnings is in force at any time between 9:00 a.m. and 4:00 p.m..

Under such circumstances, the dates mentioned in the expected timetable above may be affected.

Dates stated in this Prospectus for events mentioned in the timetable are for indicative purpose only and may be extended or varied. Any change to the above expected timetable will be announced as and when appropriate in accordance with the GEM Listing Rules.

DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following expressions have the following meanings:

“Announcement”	the announcement of the Company dated 29 May 2023 in relation to, among others, the Rights Issue
“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, a Sunday, a public holiday and a day on which a tropical cyclone warning No. 8 or above or “extreme conditions” caused by super typhoons or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act, Cap 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	Hao Bai International (Cayman) Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM of the Stock Exchange (stock code: 8431)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third parties independent of, and not connected with, the Company and its connected persons
“Last Trading Day”	Monday, 29 May 2023, being the last trading day of the Shares on the Stock Exchange prior to the release of the Announcement
“Latest Practicable Date”	25 July 2023, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information referred to in this Prospectus
“Latest Time for Acceptance”	4:00 p.m. on Monday, 14 August 2023 or such other time and/or date as may be determined and announced by the Company, being the latest time for acceptance of, and payment for, the Rights Shares under the Rights Issue
“Net Gain”	any premiums paid by the placees over the Subscription Price for the Untaken Shares and the NQS Unsold Shares placed by the Placing Agent under the Placing
“No Action Shareholder(s)”	Qualifying Shareholder(s) or renounee(s) or transferee(s) of nil-paid Rights Shares under PAL(s) during the Rights Issue who do not subscribe for the Rights Shares (whether partially or fully) under the PAL(s), or the Non-Qualifying Shareholders (as the case may be)
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) whom the Board, after making enquiries regarding the legal restrictions under the laws of the relevant place and requirements of the relevant regulatory body or stock exchange, considers necessary or expedient to exclude from the Rights Issue on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“NQS Unsold Shares”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company

DEFINITIONS

“Optionholder’s Undertaking(s)”	the undertaking(s) by the holder(s) of the Share Options, whereby each of the relevant holders of the Share Options irrevocably undertakes, represents and warrants to the Company that he/she/it will not exercise such Share Options held by him/her/it for the period from the date of such undertaking up to and including the close of business of the Record Date
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are a place(s) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placing”	arrangements to place the Untaken Shares and the NQS Unsold Shares by the Placing Agent on a best effort basis to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties
“Placing Agent”	CNI Securities Group Limited, a licensed corporation to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 29 May 2023 entered into between the Company and the Placing Agent in respect of the Placing
“Placing End Date”	Monday, 28 August 2023 or such other time and/or date as the Company and the Placing Agent may agree
“Placing Long Stop Date”	Tuesday, 29 August 2023 (being the next Business Day after the Placing End Date) or such later date as the Company and the Placing Agent may agree
“Placing Period”	the period from Friday, 18 August 2023 up to the Placing End Date, being the period during which the Placing Agent will seek to effect the Placing
“Placing Share(s)”	Untaken Share(s) and the NQS Unsold Share(s)

DEFINITIONS

“Posting Date”	Monday, 31 July 2023, or such other date as the Company may determine and announce for the despatch of the Prospectus Documents
“PRC”	the People’s Republic of China, which for the purpose of this Prospectus, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus” or “this Prospectus”	this prospectus issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL(s)
“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	the date by reference to which provisional allotments under the Rights Issue are expected to be determined, which is Wednesday, 14 June 2023 or such later date as may be determined and announced by the Company
“Registrar”	Tricor Investor Services Limited, the Company’s Hong Kong branch share registrar and transfer office, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Issue”	the issue by way of rights on the basis of one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price subject to the conditions set out in the Prospectus Documents
“Rights Issue Completion”	completion of the Rights Issue
“Rights Share(s)”	up to 97,670,000 new Shares to be allotted and issued under the Rights Issue
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with par value of HK\$0.10 each in the share capital of the Company

DEFINITIONS

“Share Option(s)”	the total of 6,000,000 outstanding share options granted under the Share Option Scheme entitling the holders thereof to subscribe for 6,000,000 new Shares
“Share Option Scheme”	the existing share option scheme adopted by the Company on 12 May 2017
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.20 per Rights Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
“Untaken Shares”	the number of unsubscribed Rights Share(s) not taken up by the Qualifying Shareholder(s) or renouncee(s) or transferee(s) of nil-paid Rights Shares under PAL(s) during the Rights Issue
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD

HAO BAI INTERNATIONAL (CAYMAN) LIMITED
浩柏國際（開曼）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8431)

Executive Directors:

Mr. Wang Lun
Mr. Shu Zhongwen
Ms. Wong Wing Hung
Mr. Ng Wan Lok
Mr. Wang Xinliang

Non-executive Director:

Ms. Chen Xiaodan

Independent Non-executive Directors:

Mr. Ma Meng
Mr. Li Ruyi
Ms. Yuen Wai Man
Mr. Cheung Hiu Fung

Registered Office:

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Suite 801, 8th Floor
Chinachem Century Tower
178 Gloucester Road
Hong Kong

31 July 2023

*To the Qualifying Shareholders,
and for information purpose only, the Non-Qualifying Shareholders*

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF
ONE (1) RIGHTS SHARE
FOR EVERY TWO (2) EXISTING SHARES
HELD ON THE RECORD DATE ON
A NON-UNDERWRITTEN BASIS**

INTRODUCTION

References are made to the Announcement and the announcements of the Company dated 2 June 2023, 14 June 2023 and 13 July 2023 in relation to, among other things, the Rights Issue.

The purpose of this Prospectus is to provide you with, among other things, (i) further details of the Rights Issue, including the procedures for acceptance of the Rights Shares provisionally allotted to the Qualifying Shareholders; (ii) financial information of the Group; (iii) unaudited pro forma financial information of the Group; and (iv) other information of the Group.

LETTER FROM THE BOARD

RIGHTS ISSUE

The Company proposes to conduct the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price of HK\$0.20 per Rights Share, to raise up to HK\$19,534,000 before expenses by way of issuing up to 97,670,000 Rights Shares.

Issue statistics

Basis of the Rights Issue	:	one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date
Subscription Price	:	HK\$0.20 per Rights Share
Number of existing Shares in issue at the Latest Practicable Date	:	195,340,000 Shares
Maximum number of Rights Shares to be issued under the Rights Issue	:	Up to 97,670,000 Rights Shares
Aggregate nominal of the Rights Shares	:	HK\$9,767,000
Total number of Shares in issue upon the Rights Issue Completion	:	Up to 293,010,000 Shares (assuming there is no new Shares (other than the Rights Shares) will be allotted and issued on or before the Rights Issue Completion)
Maximum gross proceeds to be raised from the Rights Issue	:	Up to HK\$19,534,000

Assuming no new Shares (other than the Rights Shares) will be allotted and issued on or before the Rights Issue Completion, the 97,670,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represented 50% of the total number of issued Shares as at the Latest Practicable Date and approximately 33.33% of the total number of issued Shares as enlarged by the allotment and issue of the Rights Shares immediately after the Rights Issue Completion (assuming all the Rights Shares will be taken up by the Qualifying Shareholders and/or placed pursuant to the Placing Agreement).

LETTER FROM THE BOARD

The Optionholder's Undertakings

As at the Latest Practicable Date, there were 6,000,000 outstanding Share Options granted under the Share Option Scheme entitling the holders thereof to subscribe for a total of 6,000,000 Shares under the Share Option Scheme. On 29 May 2023, each of the holders of the Share Options executed the Optionholder's Undertakings pursuant to which each of the holders of the Share Options has irrevocably undertaken in favour of the Company not to exercise the Share Options (or any part thereof) granted to him/her from the date of the Optionholder's Undertakings up to and including the close of business of the Record Date.

Save for the Optionholder's Undertakings, the Company has not received any information or irrevocable undertaking from any Shareholder of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue as at the Latest Practicable Date.

Non-underwritten basis

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event of an undersubscription of the Rights Shares, any Untaken Shares together with any NQS Unsold Shares will be placed on a best effort basis by the Placing Agent to independent places under the Placing. Any Untaken Shares and/or NQS Unsold Shares which remain unplaced under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

There is no minimum amount to be raised under the Rights Issue and there are no applicable statutory requirements regarding minimum subscription levels in respect of the Rights Issue. As the Rights Issue will proceed on a non-underwritten basis, any Shareholder who applies to take up all or any part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on the part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 10.26(2) of the GEM Listing Rules.

The Subscription Price

The Subscription Price is HK\$0.20 per Rights Share, which shall be payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

LETTER FROM THE BOARD

The Subscription Price represents:

- (i) a discount of approximately 5.66% to the closing price of HK\$0.212 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 8.68% to the average closing price of approximately HK\$0.219 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 13.79% to the average closing price of HK\$0.232 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 19.35% to the closing price of HK\$0.248 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (v) a discount of approximately 3.85% to the theoretical ex-entitlement price of HK\$0.208 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.212 per Share as quoted on the Stock Exchange on the Last Trading Day and the number of Shares as enlarged by the allotment and issue of the Rights Shares;
- (vi) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 3.83% to the existing Shareholders if they elect not to participate in the Rights Issue, which is calculated based on the theoretical diluted price of approximately HK\$0.217 per Share to the benchmarked price of approximately HK\$0.226 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day of HK\$0.212 per Share; and (ii) the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the date of the Announcement of HK\$0.226 per Share; and
- (vii) a premium of approximately 4,900% over the consolidated net asset value per Share attributable to owners of the Company as at 31 March 2023 of approximately HK\$0.004 per Share calculated based on the audited consolidated net assets of the Company attributable to owners of the Company of approximately HK\$788,000 as at 31 March 2023 as set out in the annual report of the Company for the year ended 31 March 2023 and 195,340,000 Shares in issue as at the Latest Practicable Date.

The Subscription Price and the subscription ratio of the Rights Issue were determined with reference to and having considered (i) the prevailing market prices of the Shares; (ii) the current financial position of the Group; and (iii) the reasons for the Rights Issue and the use of proceeds as set out in the paragraph headed “Letter from the Board – Reasons for the Rights Issue, the Placing and Use of Proceeds” in this Prospectus.

LETTER FROM THE BOARD

With reference to the reasons for and benefits of the Rights Issue, the forthcoming Rights Issue is being implemented to achieve several objectives that will benefit the Group. Firstly, it will facilitate the Group to raise additional funds, enabling the repayment of outstanding loans and payables, and reducing the financial burden on the Company. Secondly, the Board anticipates a gradual improvement in the PRC market and has a positive outlook regarding the overall market sentiment and business environment in the PRC, which could be leveraged to expand the Group's businesses in the PRC. This expansion would involve investing in construction projects in the PRC, expanding the business map of its existing management contracting services business and consulting services business, and diversifying income sources by venturing into other profit making services areas in the construction industry. The Board is of the view that the Subscription Price which was set at a discount to the prevailing market prices of the Shares could provide an attractive investment opportunity to encourage existing Shareholders to participate in the Rights Issue such that it could increase the possibility of the Company to raise fund from the Rights Issue to achieve the intended use of proceeds. Such an opportunity would not only support the continuing development of the Group but also incentivise existing Shareholders to continue investing in the Company. Therefore, the Rights Issue will provide the Group with the necessary financial resources to pursue its strategic goals in the PRC and beyond. This will ultimately benefit the Company and the Shareholders by enabling the expansion of the Group's businesses in the PRC and diversification of its income sources, while reducing the financial burden on the Company.

In determining the Subscription Price, the Directors have considered, among other things as mentioned above, that it was necessary to set the Subscription Price at a discount to the prevailing market prices of the Shares as (i) the Company has imminent needs to raise fund from the Right Issue mainly for the repayment of overdue payables and loans and for general working capital purposes, and the expansion of the future development of the Group's existing businesses which is expected to create positive value for the Shareholders in the future; and (ii) the fluctuated downward trend of the prevailing market prices of the Shares since March 2023 where the market prices of the Shares decreased from HK\$0.66 on 7 March 2023 to HK\$0.212 as at the Last Trading Day, representing a decrease of approximately 67.88%.

Despite the fact that the Subscription Price represents a discount of approximately 5.66% to the closing price of HK\$0.212 per Share on the Last Trading Day, the Directors noted that the Subscription Price represents a premium of approximately 4,900% to the consolidated net asset value per Share attributable to owners of the Company as at 31 March 2023 which the Directors consider to be a more appropriate and meaningful reference in assessing the value of the Shares. In view of the above, the Directors consider that the terms of the Rights Issue, including the subscription ratio, and the Subscription Price which has been set at a discount to the abovementioned benchmarked price with an objective to encourage the Qualifying Shareholders to take up their entitlements to support the use of proceeds abovementioned and to participate in the potential growth of the Company while the Subscription Price is still at an attractive price having considered the consolidated net asset value per Share attributable to owners of the Company as at 31 March 2023, are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

The Directors consider that, despite any potential dilution impact of the Rights Issue on the shareholding interest of the Shareholders, the terms and structure of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account that (i) the Qualifying Shareholders who do not want to participate in the Rights Issue can dispose of the nil-paid Rights Shares in the market; (ii) the Qualifying Shareholders who choose to accept their provisional entitlements in full can maintain their respective shareholding interests in the Company and to participate in the growth and development of the Company, in priority to other potential investors; and (iii) the Rights Issue provides the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective shareholding interests in the Company at a relatively low price as compared to the recent market prices of the Shares.

Conditions of the Rights Issue

The Rights Issue is conditional on each of the following conditions being fulfilled:

- (i) the issue by the Stock Exchange of a certificate authorising the registration, and the registration with the Registrar of Companies in Hong Kong, respectively, of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) not later than the Posting Date and otherwise in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong);
- (ii) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus bearing a “For Information Only” stamp to the Non-Qualifying Shareholders, if any, for information purpose only on or before the Posting Date;
- (iii) the granting by the GEM Listing Committee of the Stock Exchange of the approval for the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms (subject to customary conditions) and such approval not having been withdrawn or revoked;
- (iv) the Placing Agreement not having been terminated in accordance with the provisions thereof, including force majeure events; and
- (v) the compliance with any other mandatory requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands.

The above conditions are incapable of being waived. If any of the above conditions are not satisfied at or prior to the respective time stipulated therein or 4:00 p.m. on the Placing Long Stop Date (as the case may be), the Rights Issue will not proceed.

LETTER FROM THE BOARD

As at the Latest Practicable Date, none of the conditions above have been fulfilled.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully-paid, will be free from all liens, charges, encumbrances and third-party rights, interests or claims of any nature whatsoever and shall rank *pari passu* in all respects with the Shares then in issue, including as to the right to receive all dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares.

Basis of provisional allotments

Under the Rights Issue, the basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every two (2) existing Shares held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents.

Qualifying Shareholders and Non-Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Non-Qualifying Shareholders, the Company will send copies of the Prospectus to them for their information only, but no PAL will be sent to the Non-Qualifying Shareholders.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Company will consider the said nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificate(s) and/or instrument(s) of transfer) must be lodged with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Wednesday, 7 June 2023.

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Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.

Fractional entitlements to the Rights Shares

No fractional entitlements to the Rights Shares shall be issued to the Shareholders and no entitlements of the Non-Qualifying Shareholders to the Rights Shares shall be issued to the Non-Qualifying Shareholders. All fractions of the Rights Shares shall be rounded down to the nearest whole number of Rights Shares and aggregated and, if a premium (net of expenses) can be achieved, sold in the market by the Company.

Odd lot arrangement

In order to facilitate the trading of odd lots (if any) of the Shares arising from the Rights Issue, the Company has appointed the Placing Agent as an agent to provide odd lot matching services, on a best effort basis, to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares to a full new board lot during the period from Tuesday, 12 September 2023 to Tuesday, 3 October 2023 (both dates inclusive). Shareholders should note that matching of the sale and purchase of odd lots of the Shares is on a best effort basis and successful matching of the sale and purchase of such odd lots is not guaranteed. Shareholders who wish to take advantage of this service should contact Ms. Bon Lee at Unit A, 36/F, United Asia Finance Centre, 333 Lockhart Road, Wanchai, Hong Kong or at telephone number (852) 2153 0898 during office hours (i.e. 9:00 a.m. to 6:00 p.m.) of such period. Shareholders who are in doubt about this service are recommended to consult their professional advisers.

Rights of Overseas Shareholders and Non-Qualifying Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may or may not be eligible to take part in the Rights Issue as explained below.

Overseas Shareholders should note that they may or may not be entitled to participate in the Rights Issue, subject to the results of the enquiries to be made by the Company. The Company reserves the right to treat as invalid any acceptances of, or applications for, the Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Overseas Shareholders should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their own professional advisers.

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According to the register of members of the Company as at the close of business on the Record Date, there was 1 Overseas Shareholder with registered addresses located outside Hong Kong, details of which are set out below:

Jurisdiction	Number of Overseas Shareholder	Number of Shares held by Overseas Shareholder	Approximate percentage of issued share capital of the Company
The PRC	1	10,400,000	5.32%

In compliance with Rule 17.41(1) of the GEM Listing Rules, the Company has made enquiries regarding the legal restrictions under the laws of the PRC and the requirements of the relevant regulatory body or stock exchange in order to determine the feasibility of extending the Rights Issue to the Overseas Shareholder.

On the basis of the results of such enquiries obtained, given that the Company does not fall under both of the following conditions at the same time: (1) 50% or more of the Company's operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent accounting year is accounted for by subsidiaries of the Company in the PRC; and (2) the main parts of the Company's business activities are conducted in the PRC, or its main places of business are located in the PRC, or the senior managers in charge of its business operation and management are mostly Chinese citizens or domiciled in the PRC, there are no regulatory restrictions under the laws of or approvals, permissions, filing procedures or other requirements required by any regulatory body or stock exchange in the PRC with respect to extending the Rights Issue to the Overseas Shareholder in the PRC as at the Latest Practicable Date.

Accordingly, the Directors have decided to extend the Rights Issue to the Overseas Shareholder having registered address in the PRC and such Overseas Shareholder is considered as a Qualifying Shareholder.

The Company will send this Prospectus (without the PAL) and a letter explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue to the Non-Qualifying Shareholders for their information only.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the Rights Shares in their nil-paid form commence and before dealings in the Rights Shares in their nil-paid form end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid to the Non-Qualifying Shareholders pro rata to their shareholdings held on the Record Date. In light of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit.

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Any NQS Unsold Shares together with the Untaken Shares will be placed by the Placing Agent at the price at least equivalent to the Subscription Price under the Placing. The proceeds of the sale as described above, less expenses and in the case of being sold by the Placing Agent, also less the Subscription Price and the Placing Agent's commission, will be paid pro rata (but rounded down to the nearest cent) to the relevant No Action Shareholders' shareholdings held on the Record Date on the basis of all NQS Unsold Shares and Untaken Shares in Hong Kong dollars. Any Untaken Shares and the NQS Unsold Shares which remain unplaced after completion of the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Overseas Shareholders should note that they may or may not be entitled to participate in the Rights Issue, subject to the results of the enquiries to be made by the Company. The Company reserves the right to treat as invalid any acceptances of, or applications for, the Rights Shares where it believes that such acceptance or application would violate the applicable securities laws or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their own professional advisers.

Procedures for acceptance and payment under/or transfer

Qualifying Shareholders should find enclosed with this Prospectus a PAL which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PALs, they must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:00 p.m. (Hong Kong time) on Monday, 14 August 2023 (or, under bad weather conditions, such later time and/or date as mentioned in the section headed "Expected Timetable – Effect of Bad Weather on the Latest Time for Acceptance" of this Prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "**Harmony Asia Limited**" and crossed "**Account Payee Only**". It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by no later than 4:00 p.m. on Monday, 14 August 2023, whether by the original allottee or any person in whose favour the provisional allotment has been validly transferred, that provisional allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions.

If the Qualifying Shareholders wish to accept only part of the provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or transfer part/all of their rights to more than one person, the original PAL must

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be surrendered for cancellation by no later than 4:30 p.m. on Friday, 4 August 2023 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required. The new PALs will be available for collection from the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

All cheques or cashier's orders accompanying the completed PALs will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL together with a cheque or a cashier's order in payment for the Rights Shares applied for will constitute a warranty by such person that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. No actions have been taken to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no persons receiving the Prospectus Documents in any territory outside Hong Kong may treat it as an offer or invitation to apply or subscribe for the Rights Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. It is the responsibility of anyone (including, without limitation, a nominee, agent and trustee) receiving the Prospectus Documents outside Hong Kong wishing to make on their behalf an application for the Rights Shares to satisfy themselves as to the observance of the laws and regulations of all relevant jurisdiction, including the obtaining of any governmental or other consents and observing other formalities, and to pay any taxes and duties and other amounts required to be paid in such jurisdiction in connection therewith. Completion and return of the PAL by anyone outside Hong Kong will constitute a warranty and representation by such person to the Company that all registration, legal and regulatory requirements of such relevant jurisdictions other than Hong Kong in connection with the PAL and any acceptance of it, have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above warranty and representation. The Company reserves the right to refuse to accept any application or subscription for Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction. If you are in any doubt as to your position, you should consult a professional adviser. The Company will send the Prospectus only (without the PAL) and a letter explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue to the Non-Qualifying Shareholders for their information only. No

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applications for the Rights Shares will be accepted from any person who is a Non-Qualifying Shareholder.

No receipts will be given in respect of any application monies received.

If any of the conditions of the Rights Issue as set out in the section headed “Letter from the Board – Rights Issue – Conditions of the Rights Issue” in this Prospectus is not satisfied at or prior to the respective time stipulated therein or 4:00 p.m. on the Placing Long Stop Date (as the case may be), the Rights Issue will not proceed. Under such circumstances, the remittance received in respect of the application for the Rights Shares will be returned to the Qualifying Shareholders or, in the case of joint applicants, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Monday, 11 September 2023.

No application for excess Rights Shares

There will be no excess application arrangements in relation to the Rights Issue.

The Board considers that since each Qualifying Shareholder will be given equal and fair opportunity to maintain their pro rata shareholding interests in the Company through the Rights Issue, the additional work which may be required to prepare for and administer the excess application arrangement (such as printing excess application forms and incurring professional fees to process and handle the excess applications) may not be justified. In addition, given that the Company has put in place the arrangements as required by Rule 10.31(1)(b) of the GEM Listing Rules, details of which are set out in the paragraph headed “Procedures in respect of the Untaken Shares and the NQS Unsold Shares and the Placing” below, there will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 10.31(1)(a) of the GEM Listing Rules.

In light of the above, the Board believes that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole to not offer any excess application to the Qualifying Shareholders.

Share certificates and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be posted by Monday, 11 September 2023 to those entitled thereto at their registered addresses by ordinary post at their own risk.

Refund cheques, if the Rights Issue is terminated, are expected to be posted on or before Monday, 11 September 2023 by ordinary post, at the respective Shareholders’ own risk, to their registered addresses.

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Application for the Rights Shares

Application for all or any part of a Qualifying Shareholder's provisional allotment of Rights Shares should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar at or before the Latest Time for Acceptance.

Application for listing

The Company has applied to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange. Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be in the board lots of 10,000 Rights Shares and will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares, and regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf. It is emphasised that none of the Company, the Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of any person resulting from the purchase, holding or disposal of, or dealing in, the Rights Shares in both their nil-paid and fully-paid forms.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stock brokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

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Stamp duty and other applicable fees

Dealings in the Rights Shares in both their nil-paid and fully-paid forms, which are registered in the register of members of the Company in Hong Kong, will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy and any other applicable fees and charges in Hong Kong.

Procedures in respect of the Untaken Shares and the NQS Unsold Shares and the Placing

The Company will make arrangements described in Rule 10.31(1)(b) of the GEM Listing Rule to dispose of the Untaken Shares and the NQS Unsold Shares by offering the Untaken Shares and the NQS Unsold Shares to independent placees for the benefit of Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue.

The Company therefore appointed the Placing Agent to place the Placing Shares to independent placees on a best effort basis after the number of the Untaken Shares and the NQS Unsold Shares that are subject to the Placing has been announced. Any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related expenses/fees), that is realised will be paid to the No Action Shareholders on a pro-rata basis. The Placing Agent will on a best effort basis, procure, by not later than 6:00 p.m. on the Placing End Date, placees for all (or as many as possible) of those Untaken Shares and the NQS Unsold Shares if a premium over the Subscription Price and the expenses of procuring such placees (including any related commissions and any other related expenses/fees) can be obtained. Any Untaken Shares and the NQS Unsold Shares which remain unplaced after completion of the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) on pro-rata basis (on the basis of all Untaken Shares and NQS Unsold Shares) to the No Action Shareholders (but rounded down to the nearest cent) as set out below:

- (a) the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- (b) the relevant Non-Qualifying Shareholders with reference to their shareholdings in the Company on the Record Date.

It is proposed that Net Gain to any of the No Action Shareholder(s) of HK\$100 or more will be paid to them in Hong Kong dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit. Shareholders are reminded that Net Gain may or may not be realised, and accordingly the No Action Shareholders may or may not receive any Net Gain.

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THE PLACING AGREEMENT

On 29 May 2023 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company conditionally appointed the Placing Agent and the Placing Agent conditionally agreed to act as the placing agent to procure, on a best effort basis, places to subscribe for the Placing Shares on the terms and subject to the conditions set out in the Placing Agreement.

The principal terms of the Placing Agreement are summarised below:

Date : 29 May 2023 (after trading hours of the Stock Exchange)

Placing Agent : CNI Securities Group Limited, a corporation licensed to carry on business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities under the SFO

The Placing Agent confirms that itself and its ultimate beneficial owner(s) are not Shareholders and they are Independent Third Parties.

Placing commission and expenses : The Company shall (i) pay to the Placing Agent a placing commission in Hong Kong dollars equivalent to 1.6% of the gross proceeds from the subscription of the Placing Shares successfully placed by the Placing Agent multiplied by the placing price under the Placing Agreement; and (ii) reimburse the Placing Agent of the expenses in relation to the Placing (including but not limited to all out-of-pocket expenses actually incurred by the Placing Agent in connection with the Placing), and the Placing Agent is authorised to deduct from the payment to be made by the Placing Agent to the Company at the completion of the Placing in accordance with the Placing Agreement.

Placing price : The placing price per Placing Share shall be at least equivalent to the Subscription Price. The final price determination will be depended on the demand and market conditions of the Placing Shares during the Placing Period. Further announcement in respect of the placing price, if determined, will be made by the Company.

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- Placing Period : The Placing Period shall commence on Friday, 18 August 2023, and end at 6:00 p.m. on Monday, 28 August 2023 or such other dates and/or time as the Company and the Placing Agent may agree, being the period during which the Placing Agent will seek to effect the Placing.
- Placees : The Placing Agent shall ensure that the Placing Shares are placed (i) only to institutional, corporate or individual investors who and whose ultimate beneficial owner(s) shall be Independent Third Parties; (ii) such that no placee shall become a substantial Shareholder immediately following the Placing; (iii) such that the Placing will not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing; and (iv) such that the Placing will not result in the Company being incapable to comply with the public float requirements under the GEM Listing Rules immediately following the Placing.
- Ranking : The Placing Shares, when issued and fully-paid, will rank *pari passu* in all respects among themselves with the Shares in issue as at the date of allotment and issue of the Placing Shares.

Conditions of the Placing

The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon the following conditions being fulfilled:

- (i) the grant by the GEM Listing Committee of the Stock Exchange of the approval for the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms (subject to customary conditions) and such approval not having been withdrawn or revoked;
- (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained;

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- (iii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect as if it was repeated as at the time of completion of the Placing Agreement; and
- (iv) the Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events thereunder.

The timetable of the Placing is driven by the timetable of the Rights Issue. Pursuant to the terms of the Placing Agreement, the Placing Period shall commence on Friday, 18 August 2023 and end on Monday, 28 August 2023, or such other date as the Company and the Placing Agent may agree.

The Placing Long Stop Date for the fulfilment of conditions of the Placing Agreement shall be on Tuesday, 29 August 2023 (being the next Business Day after the Placing End Date) or such later date as may be agreed between the Company and the Placing Agent. The Company shall use its reasonable endeavours to procure the fulfilment of the condition (i) above. The Company and the Placing Agent shall use their respective reasonable endeavours to procure the fulfillment of the conditions (ii) and (iii) above. If the said conditions are not fulfilled on or before the Placing Long Stop Date (or such later date as may be agreed between the parties thereto), all rights, obligations and liabilities of the parties thereto shall cease and terminate and neither of the parties shall have any claim against the other, save for any antecedent breach thereunder.

Completion of the Placing

Subject to the fulfilment of conditions of the Placing as set out in the paragraph headed “Letter from the Board – The Placing Agreement – Conditions of the Placing” in this Prospectus, the completion of the Placing is expected to take place on the seventh Business Day after the Placing Long Stop Date (or such later date as the Company and the Placing Agent may agree).

The engagement between the Company and the Placing Agent in respect of the Untaken Shares and the NQS Unsold Shares was determined after arm’s length negotiation between the Placing Agent and the Company and is on normal commercial terms. In particular, the Directors, taking into account the range of placing commissions for recent rights issues conducted by issuers listed on the Stock Exchange, consider that the terms of the Placing Agreement, including the placing commission, are on normal commercial terms. Given that the Placing would provide (i) a distribution channel of the Untaken Shares and the NQS Unsold Shares; and (ii) a compensatory mechanism for the No Action Shareholders, the Directors consider that the Placing Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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REASONS FOR THE RIGHTS ISSUE, THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in design, procurement and installation services of the water circulation systems including but not limited to swimming pools, water fountains and water curtains.

As at 30 April 2023, the Group had overdue accounts payables of approximately HK\$4.8 million and bank loans in the outstanding principal amounts ranging from HK\$1.0 million to HK\$4.0 million and at the interest rates ranging from 3.5% to 5.75% per annum based on the bank's prime rate, among which approximately HK\$1.6 million shall become due within one year. In addition, as at the Latest Practicable Date, the Group has an outstanding loan due to Ms. Lok Yin Mei, being an associate of a former Director, in the principal amount of HK\$4.5 million at an interest rate of 12.6% per annum and was due on 16 June 2023. The Group intends to raise additional funds to repay the above outstanding loans and payables.

Further, as disclosed in the third quarterly report of the Company for the nine months ended 31 December 2022, the Group has continued to see positive results in the business activities in the PRC and intends to expand its business into the Greater Bay Area of the PRC. With the novel coronavirus (“COVID-19”) pandemic having becoming under control in the PRC, the Board is of the view that the overall business sentiment and environment in the PRC would improve gradually, and has resolved to expand the Group's businesses in the PRC by investing in construction projects in the PRC.

Assuming a maximum of 97,670,000 Rights Shares will be issued under the Rights Issue, the estimated gross proceeds of the Rights Issue will be HK\$19,534,000. The estimated expenses in relation to the Rights Issue will amount to approximately HK\$1.20 million and the estimated maximum net proceeds of the Rights Issue will be approximately HK\$18.33 million. The net subscription price per Rights Share is expected to be approximately HK\$0.188.

The Company intends to apply the net proceeds from the proposed Rights Issue as follows:

- (a) approximately HK\$4.8 million for the repayment of the overdue accounts payables;
- (b) approximately HK\$1.6 million for the repayment of certain amount of the bank loans due within one year;
- (c) approximately HK\$4.9 million for the repayment of the outstanding loan due to Ms. Lok Yin Mei, being a connected person of the Company, together with all accrued interests;
- (d) approximately HK\$4.9 million for the expansion of the Group's businesses in the PRC; and

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- (e) the remaining balance of approximately HK\$2.13 million for the general working capital of the Group, including but not limited to staff costs, rental expenses, legal and professional fees and other office overhead.

In respect of the net proceeds from the Rights Issue of approximately HK\$4.9 million to be applied for the expansion of the Group's businesses in the PRC, since the Group has long been solely operating in Hong Kong and Macau prior to its commencement of businesses in the PRC in or around April 2022, and the Board is of the view that the Hong Kong and Macau markets are mature with limited growth, it is the Group's plans to expand the business map of its existing management contracting services business and consulting services business into the PRC and to diversify income sources by stepping into other services areas in the construction industry including but not limited to the provision of management contracting and consulting services in the areas of environmental protection, landscape greening and fire prevention in the PRC.

The Group's management contracting services business and consulting services business in the PRC is managed by a management team of three members comprises the executive Directors, namely Mr. Ng Wan Lok ("**Mr. Ng**") and Ms. Wong Wing Hung ("**Ms. Wong**"), and the Group's senior project manager, namely Mr. Luk Tsui Ming ("**Mr. Luk**").

Mr. Ng is mainly responsible for the management and supervision on the operations of projects. Mr. Ng has more than 25 years of experience in project management. Ms. Wong is mainly responsible for overseeing project tendering and administration. Ms. Wong has more than 20 years of experience in project tendering, accounting and administration. Mr. Luk is mainly responsible for the coordination and execution of the Group's projects in the PRC. Mr. Luk has more than 20 years of experience in the coordination, monitoring and project management of hydropower projects, fire service projects, environmental protection projects and landscape greening projects in Hong Kong, Macau and the PRC.

Based on the above, the Board is of the view that the Directors and management team have sufficient experience and expertise in performing the management contracting services business and consulting services business in the PRC.

The Group has successfully stepped into the construction industry in the PRC market since April 2022 and the Board has continued to witness positive results in engaging business in the PRC. For the year ended 31 March 2023, revenue generated from the Group's management contracting services business in the PRC was approximately HK\$2.1 million, which accounted for approximately 13.5% of the total revenue of the Group for the year ended 31 March 2023. In addition, in January 2023, the Group has successfully participated in a large-scale cultural and tourism construction project in Mianyang City, Sichuan (the "**Mianyang Project**") pursuant to which the Group will be responsible for several batches of management contracting services in the areas of hydropower, fire protection, landscape engineering of the Mianyang Project with total contract value of approximately RMB300 million. Upon discussions with the outsourcer of the Mianyang Project, the Company estimated that the construction period of the Mianyang Project will be more than 5 years and the estimated contract value for the first batch of the management contracting services of the Mianyang Project will be approximately RMB20 million

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which is expected to be commenced by the last quarter of 2023. The Company is of the view that the expansion of the Group's businesses in the PRC is promising and believes that the Group's businesses in the PRC will continue to contribute stable income source for the Group.

In view of the above, the Company intends to apply approximately HK\$4.9 million of the net proceeds from the Rights Issue for the estimated initial start-up cost of the first batch of the management contracting services of the Mianyang Project including but not limited to engineering deposit, subcontracting fees, materials and labour cost.

As the Rights Issue will proceed on a non-underwritten basis, the actual amount of the net proceeds from the Rights Issue cannot be ascertained as at the Latest Practicable Date. In the event that there is an undersubscription of the Rights Shares, the Company may utilise the cash flow generated from business activities of the Group and/or further explore other fund-raising alternatives to meet the expected funding needs for the next twelve months, and the net proceeds will be utilised in the order as follows: (i) firstly, for the repayment of the outstanding loan due to Ms. Lok Yin Mei, being a connected person of the Company, which was due on 16 June 2023; (ii) secondly, the repayment of certain amount of the bank loans due within one year; and (iii) lastly, the remaining net proceeds of the proposed Rights Issue will be scaled down and utilised in proportion to the remaining uses including (a) the repayment of the overdue accounts payables; (b) the expansion of the Group's businesses in the PRC; and (c) the general working capital of the Group.

Other fund-raising alternatives

Other than the Rights Issue, the Company has considered other debt/equity fund-raising alternatives such as bank borrowings, placing or open offer. The Directors have also approached its principal banks for the feasibility in obtaining bank loans. However, the Group could not obtain any positive feedback from these banks towards the Company's facilities enquiries. The Board also considers that debt financing will result in additional interest burden and a higher gearing ratio of the Group. As disclosed in the annual report of the Company for the year ended 31 March 2023, the gearing ratio of the Group was approximately 857.1% as at 31 March 2023. In addition, debt financing may not be achievable on favourable terms or may require pledge of other kind of assets or securities which may reduce the Group's flexibility. As for equity fund-raising, such as placing of new Shares, it is relatively smaller in scale as compared to fund-raising through rights issue and it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company. As for open offer, while it is similar to a rights issue, offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market. On the other hand, the Board considers that the Rights Issue, being pre-emptive in nature, would allow all Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain or decrease their respective pro rata shareholdings in the Company by taking up their respective rights entitlement or disposing of their rights entitlements in the open market (subject to availability).

LETTER FROM THE BOARD

By reasons of the above, the Directors consider raising funds by way of the Rights Issue is more appropriate as the Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position, while at the same time, allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company. In addition, prior to proceeding with the Rights Issue, the Company had used its best endeavours to explore the best terms for the Rights Issue. The Company had consulted three brokerage companies (including the Placing Agent) and the substantial Shareholders for the possible underwriting services in respect of any Placing Shares not successfully placed by the Placing Agent under the Placing. Save for the Placing Agent which expressed its interest in acting as a placing agent for the Rights Issue on a best effort basis, the Company had not received any favourable feedback due to the prevailing market conditions. Considering that the role and function of the Placing Agent are more or less similar to that of an underwriter in the Rights Issue (save that the Placing Agent procures places on a best effort basis), the Board has resolved to conduct the Rights Issue on a non-underwritten basis and to put in place the Placing arrangement.

Having considered (i) other fund-raising alternatives; (ii) the costs and unfavourable feedback of underwriting services; (iii) the proposed terms of the Rights Issue; and (iv) the Subscription Price, the Board considers that conducting the Rights Issue on a non-underwritten basis is in the best interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Company has no intention to dispose of, terminate or scale down any of its existing businesses.

LETTER FROM THE BOARD

EQUITY FUND-RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company had carried out the following equity fund-raising activity in the past 12 months immediately preceding the Latest Practicable Date:

Date of announcement	Event	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
29 December 2022 (completed on 12 January 2023)	Placing of new Shares under general mandate	HK\$7.39 million	(i) approximately HK\$1.40 million for the repayment of bank loan;	(i) approximately HK\$1.40 million was used for the repayment of bank loans;
			(ii) approximately HK\$5.59 million for the repayment of overdue trade payables; and	(ii) approximately HK\$5.59 million was used for the overdue trade payables; and
			(iii) the remaining net proceeds of approximately HK\$0.40 million for replenishing the working capital of the Group to support its business operations.	(iii) approximately HK\$0.40 million was used for replenishing the working capital of the Group to support its business operations.

LETTER FROM THE BOARD

EFFECT OF THE RIGHTS ISSUE ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company, assuming no change in the total number of issued Shares on or before the Rights Issue Completion other than the allotment and issue of the Rights Shares and/or the Placing Shares (as the case may be), (i) as at the Latest Practicable Date; (ii) immediately after the Rights Issue Completion (assuming full acceptance by all Qualifying Shareholders); and (iii) immediately after the Rights Issue Completion (assuming (a) nil acceptance by the Qualifying Shareholders; and (b) all the Placing Shares are placed to Independent Third Parties under the Placing):

	As at the Latest Practicable Date		Immediately after the Rights Issue Completion assuming full acceptance by all Qualifying Shareholders under the Rights Issue		Immediately after the Rights Issue Completion assuming (a) nil acceptance by the Qualifying Shareholders; and (b) all the Placing Shares are placed to Independent Third Parties under the Placing	
	<i>Number of issued Shares</i>	<i>Approximate %</i>	<i>Number of issued Shares</i>	<i>Approximate %</i>	<i>Number of issued Shares</i>	<i>Approximate %</i>
Substantial Shareholders						
Harmony Asia International Limited (Note 1)	61,779,000	31.63	92,668,500	31.63	61,779,000	21.08
Chen Mingxia	24,375,000	12.48	36,562,500	12.48	24,375,000	8.32
Public Shareholders						
Places	–	–	–	–	97,670,000	33.33
Other public Shareholders	109,186,000	55.90	163,779,000	55.90	109,186,000	37.26
Total	195,340,000	100.00	293,010,000	100.00	293,010,000	100.00

Notes:

- Harmony Asia International Limited is a company incorporated in Samoa which is wholly-owned by Mr. Nam Ho Kwan, a former executive Director, the chairman of the Board, and chief executive officer of the Company who resigned from such positions with effect from 5 October 2022. As such, Mr. Nam Ho Kwan is deemed, or taken to be interested in the 61,779,000 Shares held by Harmony Asia International Limited by virtue of the SFO.
- The percentages are subject to rounding difference, if any. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

LETTER FROM THE BOARD

If a Qualifying Shareholder does not accept the Rights Shares provisionally allotted to him/her/it in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted. As illustrated in the above table, if the Shareholders elect not to participate in the Rights Issue, their shareholding interests in the Company will be diluted by approximately 33.33%.

RISK FACTORS

In compliance with the GEM Listing Rules, the Company sets out below the risk factors of the Group for the Shareholders' attention. The Directors believe that there are certain risks involved in the operations of the Group which includes, but is not limited to, the following:

Risks relating to the operation and industry of the Group

The Group's financial position, results of operations and business prospects may be affected by a number of risks and uncertainties directly and indirectly relating to the operation and industry of the Group as follows:

- (a) the Group's business is project-based. The Group mainly derive revenue from projects which are non-recurring in nature. Fee charged for and profit margin of each project significantly depend on various factors such as the terms of contracts, duration of project, variation orders, efficiency of implementation of contract work and the general market condition. In general, variation orders usually carry higher profit margin as compared with the work under original contracts. Therefore, revenue generated from the Group's business is unstable and is subject to the availability of projects, variation orders and other factors beyond the Group's control;
- (b) the number and size of the projects to be undertaken by the Group depend on the Group's human resources and other resources available. Due to the limited resources available to the Group, sizeable projects may occupy a substantial part of the Group's resources and may lead to imbalanced resource allocation among other existing projects of the Group. As a result, the Group may not be able to undertake several sizeable projects at the same time. Any decrease in the number of sizeable projects in terms of revenue recognised may affect the Group's operations and financial results;
- (c) for the Group's management contracting business, the Group normally receives progress payments from the customers with reference to the work done by the Group under the relevant contract during the relevant month in accordance with the rates and the agreed tender price. Any failure by the customers to make any payment on time or in full may have a material adverse effect on the Group's liquidity position, financial position and operating results; and

LETTER FROM THE BOARD

- (d) most of the Group's contracts are awarded to the Group through tendering process. The Group has to determine the tender price and service fee of each project based on the information available to the Group at the time of submitting the tender. The tender price is determined by factors including the scope of work, the estimated duration of the project, the total time cost and estimated cost involved. Error in the estimation or inaccurate estimation of project duration and costs or increase in construction costs may adversely affect the Group's profitability or result in substantial loss.

Financial risks relating to the Group

Credit risk

The Group is exposed to credit risk which refers to the risk that debtor will default on their obligations to repay the amounts due to the Group, resulting in a loss to the Group. The Group's exposure to credit risk is mainly attributable to trade and other debtors and contract assets and is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. Credit quality of a customer is assessed based on an extensive credit rating and individual credit limit assessment which is mainly based on the customers' past credit history and/or market reputation and the Group's own trading records.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance its operations and mitigate the effects of fluctuations in cash flows. To minimise the Group's exposure to liquidity risk, the management of the Group closely monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

Certain bank loan agreements to which members of the Group are one of the parties include a clause conferring upon the banks unconditional rights to call the loans at any time. However, the management of the Group does not expect that the banks would exercise such rights to demand repayment and thus these borrowings would be repaid according to the schedule as set out in the loan agreements.

LETTER FROM THE BOARD

GEM LISTING RULES IMPLICATIONS

As (i) the Company has not conducted any rights issue or open offer within the 12-month period immediately prior to the date of the Announcement and up to the Latest Practicable Date, and (ii) the Rights Issue will not increase the number of issued Shares or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the date of the Announcement and up to the Latest Practicable Date, the Rights Issue is not subject to Shareholders' approval under the GEM Listing Rules.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

GENERAL

Subject to the fulfillment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders. The Company will despatch the Prospectus to the Non-Qualifying Shareholders (if any) for their information only, but the Company will not send the PAL to the Non-Qualifying Shareholders (if any).

POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS

As at the Latest Practicable Date, there are 6,000,000 outstanding Share Options granted under the Share Option Scheme entitling the holders thereof to subscribe for an aggregate of 6,000,000 new Shares. Pursuant to the terms of the Share Option Scheme, the Rights Issue may lead to adjustments to, among others, the exercise price and/or the number of Shares to be issued upon exercise of the outstanding Share Options under the Share Option Scheme. The Company will notify the holders of such Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and such adjustments will be certified by an independent financial adviser or auditors of the Company (as the case may be) in accordance with the terms of the Share Option Scheme.

Save for the foregoing, as at the Latest Practicable Date, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

LETTER FROM THE BOARD

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.

The Shares have been dealt on an ex-rights basis from Tuesday, 6 June 2023. Dealings in the nil-paid Rights Shares are expected to take place from Wednesday, 2 August 2023 to Wednesday, 9 August 2023 (both days inclusive). Shareholders and potential investors of the Company should note that if the conditions of the Rights Issue as set out in the section headed “Letter from the Board – Rights Issue – Conditions of the Rights Issue” in this Prospectus are not fulfilled, the Rights Issue will not proceed.

Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the nil-paid Rights Shares is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

By order of the Board
Hao Bai International (Cayman) Limited
Shu Zhongwen
Chief Executive Officer and Executive Director

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three years ended 31 March 2021, 2022 and 2023 are disclosed in the annual reports of the Company for the years ended 31 March 2021, 2022 and 2023. The said annual reports of the Company are published on both the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.irasia.com/listco/hk/haobai/):

- the annual report of the Company for the year ended 31 March 2021 from pages 58 to 119 published on the website of the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0630/2021063002957.pdf>); and
- the annual report of the Company for the year ended 31 March 2022 from pages 71 to 141 published on the website of the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0901/2022090100139.pdf>); and
- the annual report of the Company for the year ended 31 March 2023 from pages 73 to 153 published on the website of the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0703/2023070300082.pdf>).

2. BUSINESS REVIEW AND FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Despite the fact that the continuous outbreak of the COVID-19 pandemic remained to be the contributing factor to the negative business sentiment in Hong Kong and the PRC, for the year ended 31 March 2023, the total revenue of the Group increased by approximately HK\$9.1 million or 241.5% from approximately HK\$6.5 million for the year ended 31 March 2022 to approximately HK\$15.6 million.

Despite the negative impact brought about by the COVID-19 pandemic on the economy of the PRC, the Group is optimistic about its mid-to-long-term recovery as the government of the PRC will continue to provide accommodative monetary policy and fiscal stimulus to support economic growth.

In respect of the business operations in the PRC, the Company will continue to expand its business operations, in particular, into the Greater Bay Area. The Company's management team will proactively explore opportunities for possible joint venture, business collaboration and investment.

In respect of the business operations in Hong Kong, the Group will continue to participate in the tendering process with various construction or property development companies in Hong Kong. The Group expects to generate revenue of approximately HK\$12 million from 4 current management contracting projects in Hong Kong within the next 24 months.

Furthermore, the Group will continue to explore funding sources to enhance its financial position, strengthen the capital base and support the continuous growth of the Group.

3. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 June 2023, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this Prospectus, the respective indebtedness of the Group is as follows:

	As at 30 June 2023 HK\$
Borrowings	11,740,288
Lease liabilities	<u>1,392,950</u>
	<u><u>13,133,238</u></u>

As at 30 June 2023, we had total indebtedness of approximately HK\$13.13 million.

Borrowings

As at the close of business on 30 June 2023, the Group had outstanding unsecured and unguaranteed borrowings of approximately HK\$11.74 million from banks and a connected person of the Company carrying interests rates ranging from 3.5% to 12.6% per annum.

Lease liabilities

As at the close of business on 30 June 2023, the Group had unsecured and unguaranteed lease liabilities of approximately HK\$1,392,950.

Contingent liabilities

As at 30 June 2023, the Group did not have any material contingent liabilities.

Save as aforesaid or otherwise disclosed herein, as at the close of business on 30 June 2023, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this Prospectus, the Group did not have any outstanding mortgages, charges, debentures, debt securities issued and outstanding, and authorised or otherwise created but unissued, or other loan capital or bank overdrafts or loans (guaranteed, unguaranteed, secured or unsecured) or other similar indebtedness or finance lease commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments or guarantees nor other material contingent liabilities.

The Directors are not aware of any material change in the indebtedness and contingent liability position of the Group since 30 June 2023 up to and including the Latest Practicable Date.

4. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that taking into account (i) the internal resources of the Group; (ii) estimated proceeds from the Rights Issue; and (iii) the existing cash and bank balances, the Group has sufficient working capital to satisfy its present requirements for at least 12 months from the date of this Prospectus.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, so far as it was known to the Directors, there are no material adverse change in the financial or trading position of the Group since 31 March 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after completion of the Rights Issue. Although reasonable care has been exercised in preparing the unaudited pro forma financial information, Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial positions at the relevant time.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS ATTRIBUTABLE TO OWNERS OF THE COMPANY

Introduction

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 March 2023 (the “**Unaudited Pro Forma Financial Information**”) which has been prepared by the directors in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants is for illustration only, and is set out in this appendix to illustrate the effects of the Rights Issue, on the audited consolidated net tangible assets of the Group as at 31 March 2023 attributable to the owners of the Company, as if the Rights Issue had taken place on such date.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 March 2023 or any future date following the Rights Issue.

The Unaudited Pro Forma Financial Information is prepared based on the consolidated net tangible assets of the Group attributable to owners of the Company derived from the audited consolidated statement of financial position of the Group as at 31 March 2023 as extracted from the published annual report of the Company for the year ended 31 March 2023, after incorporating the adjustments described in the accompanying notes.

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE GROUP**

Audited consolidated net tangible liabilities (deficit in equity) of the Group attributable to owners of the Company as at 31 March 2023 <i>HK\$'000</i> <i>(Note 1)</i>	Unaudited estimated net proceeds from the Rights Issue <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company as at 31 March 2023 immediately after completion of the Rights Issue <i>HK\$'000</i>	Audited consolidated net tangible liabilities (deficit in equity) attributable to owners of the Company per Share immediately before completion of the Rights Issue <i>HK\$</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share as at 31 March 2023 immediately after completion of the Rights Issue <i>HK\$</i> <i>(Note 4)</i>
(3,082)	18,334	15,252	(0.016)	0.052

Based on 97,670,000
Rights Shares to
be issued at
Subscription Price
of HK\$0.20 per
Rights Share

Notes:

1. The audited consolidated net tangible liabilities (deficit in equity) of the Group attributable to owners of the Company of approximately HK\$3,082,000 as at 31 March 2023 is based on the audited consolidated net assets of the Group attributable to the owners of the Company as at 31 March 2023 of approximately HK\$788,000, as adjusted by exclusion of goodwill of approximately HK\$3,870,000 as shown on the audited consolidated statement of financial position of the Group as at 31 March 2023, which has been extracted by the Directors from the published annual report of the Company for the year ended 31 March 2023.
2. The estimated net proceeds from the Rights Issue of approximately HK\$18,334,000 are based on 97,670,000 Rights Shares to be issued at HK\$0.20 per Rights Share after deducting estimated related expenses of approximately HK\$1,200,000 and assumed that no outstanding share options being exercised, and that there is no change in the number of issued shares from the date of the announcement on 31 March 2023 up to the Record Date.
3. The calculation of unaudited pro forma adjusted consolidated net tangible liabilities (deficit in equity) of the Group attributable to owners of the Company per Share immediately before completion of Rights Issue are calculated based on the audited consolidated net tangible liabilities of the Group of approximately HK\$3,082,000 as at 31 March 2023, divided by 195,340,000 Shares in issue as at 31 March 2023.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

4. The calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 31 March 2023 immediately after completion of the Rights Issue is based on unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company of approximately HK\$15,252,000 as at 31 March 2023 immediately after completion of the Rights Issue, being the aggregate of unaudited consolidated net tangible liabilities (deficit in equity) of the Group attributable to the owners of the Company of approximately HK\$3,082,000 as at 31 March 2023 and the estimated net proceeds from the Rights Issue of approximately HK\$18,334,000, divided by 293,010,000 Shares which represents the sum of 195,340,000 Shares in issue and 97,670,000 Rights Shares (assuming no new Shares are allotted and issued pursuant to any exercise of the Share Options and no other change in the share capital of the Company on or before the Record Date) were issued immediately after completion of the Rights Issue, as if the Rights Issue had been completed on 31 March 2023.
5. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2023.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

B. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from McMillan Woods (Hong Kong) CPA Limited, Certified Public Accountants, Hong Kong, the independent reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this Prospectus.



24th Floor
Siu On Centre,
188 Lockhart Road
Wan Chai, Hong Kong

31 July 2023

The Board of Directors of
Hao Bai International (Cayman) Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Hao Bai International (Cayman) Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 March 2023 and related notes as set out on pages II-1 to II-3 of the Prospectus issued by the Company dated 31 July 2023 (the “**Prospectus**”). The applicable criteria on the basis of which the directors have compiled the unaudited pro forma financial information are described in Section A of Appendix II of the Prospectus.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the proposed rights issue on the basis of one rights share for every two existing shares held on the record date at the subscription price of HK\$0.20 per rights share (the “**Rights Issue**”) as if the Rights Issue had been taken place as at 31 March 2023. As part of this process, information about the Group's net tangible liabilities as at 31 March 2023 has been extracted by the directors of the Company from the audited consolidated financial statements of the Group for the year ended 31 March 2023, on which an annual report has been published.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The purpose of unaudited pro forma financial information included in the Prospectus is solely to illustrate the impact of the Right Issue on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue at 31 March 2023 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors of the Company in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the director of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,

McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants
Hong Kong

Wong Ka Bo, Jimmy
Practising Certificate Number: P07560

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately following the allotment and issue of the Rights Shares (assuming (a) no change in the number of issued Shares from the Latest Practicable Date and up to the date of the Rights Issue Completion; and (b) full acceptance of Rights Shares by all Qualifying Shareholders) will be as follows:

(i) as at the Latest Practicable Date

<i>Authorised share capital:</i>	<i>HK\$</i>
<u>1,000,000,000</u> Shares of HK\$0.10 each	<u>100,000,000</u>
<i>Issued and fully paid or credited as fully paid:</i>	
<u>195,340,000</u> Shares of HK\$0.10 each	<u>19,534,000</u>

- (ii) immediately following the allotment and issue of the Rights Shares (assuming (a) no change in the number of issued Shares from the Latest Practicable Date and up to the date of the Rights Issue Completion; and (b) full acceptance of Rights Shares by all Qualifying Shareholders)

<i>Authorised share capital:</i>		<i>HK\$</i>
<u>1,000,000,000</u>	Shares of HK\$0.10 each	<u>100,000,000</u>
 <i>Issued and fully paid or credited as fully paid:</i>		
195,340,000	Shares as at the Latest Practicable Date	19,534,000
<u>97,670,000</u>	Rights Shares to be allotted and issued under the Rights Issue	<u>9,767,000</u>
<u>293,010,000</u>	Shares upon completion of the Rights Issue	<u>29,301,000</u>

All of the Rights Shares to be issued will rank *pari passu* in all respects with all the Shares in issue as at the date of allotment and issue of the Rights Shares. The Rights Shares to be issued will be listed on the Stock Exchange.

The Company had not issued any Shares since 31 March 2023, being the date on which the latest audited financial statements of the Group were made up, and up to the Latest Practicable Date.

The Company has applied to the Stock Exchange for the listing of and permission to deal in the Rights Shares in both of their nil-paid and fully-paid forms. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there is no arrangement under which future dividends are/will be waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS**(i) Directors' and chief executive's interests and short positions in the securities of the Company or its associated corporations**

As at the Latest Practicable Date, none of the Directors nor the chief executives of the Company had or were deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

(ii) Substantial Shareholders' and other persons' interests or short position in the securities of the Company and its associated corporations

As at the Latest Practicable Date, so far as known to the Directors, the following parties (not being the Directors or chief executives of the Company) had, or were deemed to have, interests or short positions in the Shares, underlying shares or debentures of the Company (i) which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 and 3 of Part XV of the SFO or, who is expected, directly or indirectly, to be interested in 10 per cent. or more of the issued voting shares of any other member of the Group; or (ii) which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Long position in the Shares

Name of Shareholder	Nature of Interest	Number of Shares interested	Approximate percentage of issued Share (Note 1)
Harmony Asia International Limited (Note 2)	Beneficial owner	61,779,000 (L)	31.63%
Nam Ho Kwan (Note 2)	Interest in controlled corporation	61,779,000 (L)	31.63%
Prudential Brokerage Limited (Note 2)	Person having security interest in shares	61,779,000 (L)	31.63%
Chen Mingxia	Beneficial owner	24,375,000 (L)	12.48%
Zhuiri Law and Business International Holding Group Limited (Note 3)	Beneficial owner	15,600,000 (L)	7.99%
Li Dongyan (Note 3)	Interest in controlled corporation	15,600,000 (L)	7.99%
Song Chenglei	Beneficial owner	10,400,000 (L)	5.32%

(L) denotes long position

Notes:

- The shareholding percentage is calculated on the basis of 195,340,000 Shares in issue as at Latest Practicable Date.
- Harmony Asia International Limited is a company incorporated in Samoa which is wholly-owned by Mr. Nam Ho Kwan, a former executive Director, the chairman of the Board, and chief executive officer of the Company who resigned from such positions with effect from 5 October 2022. As such, Mr. Nam Ho Kwan is deemed, or taken to be interested in the 61,779,000 Shares held by Harmony Asia International Limited by virtue of the SFO.

3. Zhui Law and Business International Holding Group Limited is a company incorporated in Hong Kong which is wholly-owned by Ms. Li Dongyan. As such, Ms. Li Dongyan is deemed, or taken to be interested in the 15,600,000 Shares held by Zhui Law and Business International Holding Group Limited by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware that there is any other party (other than the Directors or chief executives of the Company) who had, or was deemed to have, an interest or short position in the Shares, underlying shares or debentures of the Company (i) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is expected, directly or indirectly, to be interested in 10 per cent. or more of the issued voting shares of any other member of the Group; or (ii) which were required, pursuant to section 336 of the SFO, to be entered in the register refer to therein.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN CONTRACTS, ARRANGEMENTS OR ASSETS OF THE GROUP

As at the Latest Practicable Date, no contract or arrangement of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any of the Directors had a material interest, whether directly or indirectly, subsisted as at the Latest Practicable Date.

As at the Latest Practicable Date, none of the Directors and their respective associates had any direct or indirect interest in any assets which had been or are proposed to be acquired, disposed of by or leased to, any member of the Group, since 31 March 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, controlling shareholders of the Company or their respective close associates had any interests in businesses which compete or may compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and there was no litigation, arbitration or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) were entered into by the members of the Group within the two years immediately preceding the date of this Prospectus:

- (a) the conditional sale and purchase agreement (the “**Sale and Purchase Agreement**”) dated 22 March 2022 and entered into between the Company, as purchaser, and Mr. Song Chenglei (“**Mr. Song**”), as vendor, in relation to the sale and purchase of the entire issued share capital in City Key Group Limited for a consideration of HK\$9.0 million (the “**Consideration**”), which shall be satisfied as to (i) HK\$2.0 million in cash as deposit to Mr. Song within 14 days after the signing of the Sale and Purchase Agreement; and (ii) HK\$7.0 million by way of issuing a promissory note to Mr. Song or his nominee(s) with 21 days after the completion of the Sale and Purchase Agreement;
- (b) the supplemental agreement (the “**First Supplemental Sale and Purchase Agreement**”) dated 31 March 2022 and entered into between the Company and Mr. Song to amend and/or supplement certain terms of the Sale and Purchase Agreement, pursuant to which the Consideration shall be satisfied as to (i) HK\$0.992 million in cash as deposit to Mr. Song within 14 days after the signing of the Sale and Purchase Agreement; and (ii) HK\$8.008 million by way of allotting and issuing to Mr. Song or his nominee(s) 260,000,000 consideration shares under the general mandate (the “**General Mandate**”) granted by the Shareholders to the Directors at the annual general meeting of the Company on 3 September 2021, at the issue price of HK\$0.0308 per consideration share within 21 days after the completion of the Sale and Purchase Agreement;
- (c) the second supplemental agreement (the “**Second Supplemental Sale and Purchase Agreement**”, together with the First Supplemental Sale and Purchase Agreement, the “**Supplemental Sale and Purchase Agreements**”) dated 4 April 2022 and entered into between the Company and Mr. Song to amend and/or supplement certain terms of the Sale and Purchase Agreement, pursuant to which the parties thereto agreed to reduce the Consideration from HK\$9.0 million to HK\$8.96 million, which shall be satisfied as to (i) HK\$0.952 million in cash as deposit to Mr. Song within 28 days after the signing of the Sale and Purchase Agreement; and (ii) HK\$8.008 million by way of

allotting and issuing to Mr. Song or his nominee(s) consideration shares under the General Mandate at the issue price of HK\$0.0308 per consideration share within 21 days after the completion of the Sale and Purchase Agreement;

- (d) the conditional sale and purchase agreement dated 25 April 2022 and entered into between the Company as purchaser, and Ms. So Siu Ngan, Amy, as vendor, in relation to the sale and purchase of 225 shares of Splendid Resource Inc. for a consideration of HK\$13.0 million;
- (e) the conditional sale and purchase agreement dated 6 June 2022 and entered into between the Company, as purchaser, and Mr. Tsoi Wai, as vendor, in relation to the sale and purchase of the entire issued share capital in Powerful Leader Mining Sdn. Bhd. for a consideration of HK\$11.0 million[#];
- (f) the placing agreement (the “**Yuet Sheung Placing Agreement**”) dated 6 December 2022 and entered into between the Company, as issuer, and Yuet Sheung International Securities Limited (“**Yuet Sheung**”), as placing agent, in relation to the placing of up to 323,400,000 placing shares to not less than six independent placees, on a best endeavor basis, at the placing price of HK\$0.023 per placing share;
- (g) the supplemental placing agreement dated 14 December 2022 and entered into between the Company and Yuet Sheung to extend the long stop date under the Yuet Sheung Placing Agreement from 14 December 2022 to 23 December 2022 (or such later date as the Company and Yuet Sheung may agree in writing);
- (h) the deed of termination dated 28 December 2022 and executed by the Company and Yuet Sheung in relation to the termination of the Yuet Sheung Placing Agreement with effect from the date of such deed;
- (i) the placing agreement (the “**Cheong Lee Placing Agreement**”) dated 29 December 2022 and entered into between the Company, as issuer, and Cheong Lee Securities Limited (“**Cheong Lee Securities**”), as placing agent, in relation to the placing of up to 323,400,000 placing shares to not less than six independent placees, on a best endeavor basis, at the placing price of HK\$0.024 per placing share;
- (j) the strategic cooperation agreement dated 13 January 2023 and entered into between the Company and 聖鳳控股(深圳)集團有限公司 (for transliteration purpose only, Shenghuang Holding (Shenzhen) Group Company Limited) in relation to a potential business cooperation in the development of the jewellery business in the PRC;
- (k) the conditional placing agreement (the “**Bond Placing Agreement**”) dated 20 January 2023 and entered into between the Company, as issuer, and Cheong Lee Securities, as placing agent, in relation to the placing of a 18-month 12.0% coupon unlisted bonds in an aggregate principal amount of up to HK\$50,000,000, to placees on a best effort basis[^];

- (l) the Placing Agreement; and
- (m) the memorandum of understanding dated 10 July 2023 and entered into between the Company, as purchaser, and Mr. Ho Yiu Tim, as vendor, in relation to the possible acquisition of the controlling interest in Wing Keung Engineering Co. (永強工程公司).

As disclosed in the announcement of the Company dated 24 June 2022, the sale and purchase agreement dated 6 June 2022 was terminated by way of a written notice issued by the Company.

^ The placing period under the Bond Placing Agreement ended in February 2023 in accordance with the terms and conditions of the Bond Placing Agreement, and no bonds were placed by Cheong Lee Securities as placing agent to any places pursuant to the terms and conditions of the Bond Placing Agreement.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which are contained in this Prospectus:

Name	Qualifications
McMillan Woods (Hong Kong) CPA Limited	Certified Public Accountants

The above expert has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letter, report and/or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any direct or indirect interests in any assets which have been, since 31 March 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to, any member of the Group, or which are proposed to be acquired or disposed of by or leased to, any member of the Group.

10. ACQUISITION AFTER THE DATE OF THE LATEST PUBLISHED AUDITED ACCOUNTS

Since 31 March 2023, being the date to which the latest published audited accounts of the Group were made up, there has been no acquisition of any company whose profits or assets make or will make a material contribution to the figures in the next published financial statements of the Group for the year ending 31 March 2024.

11. EXPENSES

The expenses in connection with the Rights Issue, including placing commission, financial advisory fees, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$1.20 million, which are payable by the Company.

12. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered office	Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Head office and principal place of business in Hong Kong	Suite 801, 8th Floor Chinachem Century Tower 178 Gloucester Road Hong Kong
Authorised representatives	Mr. Wang Lun Mr. Ng Wan Lok
Company secretary	Mr. Lee Kun Yin
Compliance officer	Ms. Wong Wing Hung
Financial adviser to the Company	Bison Corporate Finance Limited Room 602, 6/F 18 King Wah Road North Point Hong Kong
Legal advisers to the Company	<i>As to Hong Kong laws:</i> Michael Li & Co. 19/F, Prosperity Tower No. 39 Queen's Road Central Central Hong Kong

Reporting accountants	McMillan Woods (Hong Kong) CPA Limited <i>Certified Public Accountants</i> 24/F., Siu On Centre 188 Lockhart Road Wanchai Hong Kong
Placing Agent	CNI Securities Group Limited Unit A, 36/F, United Asia Finance Centre 333 Lockhart Road, Wanchai Hong Kong
Principal bankers	Nanyang Commercial Bank Limited 151 Des Voeux Road Central Hong Kong Hang Seng Bank Limited 83 Des Voeux Road Central Central Hong Kong
Principal share registrar and transfer office	Conyers Trust Company (Cayman) Limited Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong

13. PARTICULARS OF DIRECTORS**(i) Name and address of the Directors***Executive Directors*

Mr. Wang Lun
Suite 801, 8th Floor
Chinachem Century Tower
178 Gloucester Road
Hong Kong

Mr. Shu Zhongwen
Suite 801, 8th Floor
Chinachem Century Tower
178 Gloucester Road
Hong Kong

Ms. Wong Wing Hung
Suite 801, 8th Floor
Chinachem Century Tower
178 Gloucester Road
Hong Kong

Mr. Ng Wan Lok
Suite 801, 8th Floor
Chinachem Century Tower
178 Gloucester Road
Hong Kong

Mr. Wang Xinliang
Suite 801, 8th Floor
Chinachem Century Tower
178 Gloucester Road
Hong Kong

Non-executive Director

Ms. Chen Xiaodan
Suite 801, 8th Floor
Chinachem Century Tower
178 Gloucester Road
Hong Kong

Independent non-executive Directors

Mr. Ma Meng	Suite 801, 8th Floor Chinachem Century Tower 178 Gloucester Road Hong Kong
Mr. Li Ruyi	Suite 801, 8th Floor Chinachem Century Tower 178 Gloucester Road Hong Kong
Ms. Yuen Wai Man	Suite 801, 8th Floor Chinachem Century Tower 178 Gloucester Road Hong Kong
Mr. Cheung Hiu Fung	Suite 801, 8th Floor Chinachem Century Tower 178 Gloucester Road Hong Kong

(ii) Biographies of the Directors*Executive Directors*

Mr. Wang Lun (“**Mr. Wang**”), aged 43, was appointed as an executive Director and general manager of the Company with effect from 14 October 2022 and was appointed as the chairman of the Board with effect from 23 December 2022. Mr. Wang is currently the chairman of Xiamen Jinbang Investment Holding Group Co., Ltd (廈門近幫投資控股集團有限公司) and has over 20 years of working experience in the corporate financial management, corporate risk control, asset management and operations areas. Mr. Wang has worked for private equity funds, securities, trust and asset management companies and is familiar with the financial policies, laws and regulations.

Mr. Shu Zhongwen (“**Mr. Shu**”), aged 50, was appointed as the chief executive officer of the Company and an executive Director with effect from 1 December 2022. Mr. Shu has more than 20 years of working experience in corporate and project management. Mr. Shu was an executive director of China Greenfresh Group Company Limited (“**China Greenfresh**”), being a company previously listed on the Main Board of the Stock Exchange (stock code: 6183), between 5 June 2020 and 31 December 2020, while Mr. Shu was the chairman of the board of directors of China Greenfresh from 31 December 2020 to 25 June 2021. Mr. Shu was an executive director of Kiu Hung International Holdings Limited, the issued shares of which are

listed on the Main Board of the Stock Exchange (stock code: 381) from 25 October 2018 to 28 June 2019. Mr. Shu was a vice president of Jingdezhen Jingdong Ceramics Company Limited from August 2010 to July 2016. Mr. Shu has been working as an executive president of Huge Profit International (HK) Holdings Limited since July 2016 and managing director of Shenzhen Shensen Supply Chain Management Co., Ltd (深圳申森供應鏈管理有限公司) since 2021. Mr. Shu graduated from Jiangxi University of Science and Technology in 2007.

Mr. Ng Wan Lok (“Mr. Ng”), aged 55, was appointed as an executive Director on 8 June 2016. He joined the Group as a marketing manager in March 2014 and is mainly responsible for managing and supervising the operations of projects of the Group. He obtained a post-graduate certificate in Information Technology from the Hong Kong Management Association in September 1994 and further obtained a Bachelor’s degree in Computer Science from the Victoria University of Technology in November 1996. Mr. Ng has more than 25 years of experience in project management. He had worked in various companies and was responsible for project development, managing manufacturing operation and handling product sales and development. Before joining the Group, Mr. Ng was a manager of Wellgo Development Limited from August 2007 to February 2014 and he was mainly responsible for handling the trading business of consumer electronics.

Ms. Wong Wing Hung (“Ms. Wong”), aged 49, was appointed as an executive Director on 8 June 2016, and was the chief executive officer of the Company between 5 October 2022 and 1 December 2022 and the chairman of the Board between 5 October 2022 and 23 December 2022. Ms. Wong is also the compliance officer of the Company and she joined the Group as a project administrator in November 2006 and is responsible for project tendering and administration as well as project accounting of the Group. Ms. Wong obtained a Bachelor’s degree in Business Administration from the Open University of Hong Kong in June 2003. She also completed “ISO 9000:2000 Internal Auditor Training Course” organised by the Hong Kong Quality Assurance Agency in November 2001. Ms. Wong has more than 20 years of experience in project tendering, accounting and administration. Before joining the Group, she was a project secretary for companies engaged in design and installation of water filtration system. She was a project secretary of Dawn Enterprise Limited from February 1998 to August 2002, an assistant to manager of P&A Engineering Limited from November 2002 to October 2004, a project secretary of Harmony Project Limited from November 2004 to September 2005 and a project secretary of Fortune Universe Limited from September 2005 to July 2006.

Mr. Wang Xinliang (“**Mr. X.L. Wang**”), aged 48, was appointed as an executive Director of the Company with effect from 3 January 2022. Mr. X.L. Wang has over 25 years of management experience. He has been serving 永萊實業有限公司 as a managing director since 2020. Mr. X.L. Wang has also worked as a general manager of COFCO’s subsidiary companies between 2012 and 2020 and has held management position at various companies in the PRC. Mr. Wang graduated from Anhui University in the PRC.

Non-executive Director

Ms. Chen Xiaodan (“**Ms. Chen**”), aged 37, was appointed as a non-executive Director with effect from 14 October 2022. Ms. Chen completed an undergraduate program in administrative management from Central South University in 2016. She participated in merger and acquisition funds in an asset management company for more than 7 years. Before joining the Group, Ms. Chen worked in several corporations. During her career of over ten years, Ms. Chen held various leadership positions in management and market research aspects, and has rich knowledge and in-depth understanding in Asian and international brands. Ms. Chen has been appointed as a non-executive director of China Green (Holdings) Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 904) since 1 June 2021. Ms. Chen was also appointed as the general manager of Shenzhen Shensen Supply Chain Management Co., Ltd (深圳申森供應鏈管理有限公司) since June 2021.

Independent non-executive Directors

Mr. Ma Meng (“**Mr. Ma**”), aged 39, was appointed as an independent non-executive Director and a member of each of the audit committee, nomination committee and remuneration committee of the Company on 3 January 2022. Mr. Ma has over 10 years of experience in the financial services industry. Mr. Ma has worked at Chinaventure Investment Consulting Limited (上海投中信息諮詢股份有限公司), Zero2IPO Holdings Inc., the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 01945), Haitong Securities Co. Ltd, the issued shares of which are listed on the Shanghai Stock Exchange (stock code: 600837.SH), and other large private equity institutions and securities firms. Mr. Ma has participated in many mergers and acquisitions transactions, has led investment team with assets under management over RMB1 billion and has strong experience in project investment, fund operations in private equity and debt financing. Mr. Ma graduated from The China University of Geosciences in the PRC.

Mr. Li Ruyi (“**Mr. Li**”), aged 35, was appointed as an independent non-executive Director, and a member of each of the audit committee, nomination committee and remuneration committee of the Company on 7 January 2022. Mr. Li has over 12 years of working experience in the construction and engineering industries. Mr. Li has worked for 中信渤海鋁業控股有限公司 (a wholly-owned subsidiary of

China CITIC Group), while he has also served as an engineering director, group operations director and commercial manager previously. Mr. Li has strong experience in project material management, tender process, quality control, safety and cost management in construction related projects. Mr. Li graduated from 河北省邢台建設工程學院 and is a registered construction engineer in the PRC.

Ms. Yuen Wai Man (“**Ms. Yuen**”), aged 51, was appointed as an independent non-executive Director and a member of the nomination committee of the Company with effect from 13 December 2022. Ms. Yuen was also appointed as the chairman of each of the audit committee and remuneration committee of the Company with effect from 23 December 2022. Ms. Yuen graduated from The University of Hong Kong with a Bachelor Degree in Business Administration in 1994. She is the fellow member of both The Association of Chartered Certified Accountants and The Hong Kong Institute of Certified Public Accountants, and also the overseas member of The Chinese Institute of Certified Public Accountants. Ms. Yuen (i) has been an independent non-executive director of Solomon Worldwide Holdings Limited (stock code: 8133), the issued shares of which are listed on GEM of the Stock Exchange, since April 2022; (ii) has been an independent non-executive director of China Eco-Farming Limited (stock code: 8166), the issued shares of which are listed on GEM of the Stock Exchange, since September 2016; (iii) had been an independent non-executive director of Chinese Strategic Holdings Limited (stock code: 8089), the issued shares of which are listed on GEM of the Stock Exchange, for the period from July 2008 to June 2021; (iv) had been an independent non-executive director of The Hong Kong Building and Loan Agency Limited (stock code: 145), the issued shares of which are listed on the Main Board of the Stock Exchange, for the period from November 2012 to October 2017; and (v) had been an independent non-executive director of hmvod Limited (stock code: 8103), the issued shares of which are listed on GEM of the Stock Exchange, for the period from April 2014 to December 2014. Ms. Yuen is currently also the managing director of W.M. Yuen CPA Limited. Ms. Yuen has accumulated extensive working experience in accounting and auditing area for over 25 years.

Mr. Cheung Hiu Fung (“**Mr. Cheung**”), aged 29, was appointed as an independent non-executive Director and member of the audit committee of the Company with effect from 23 December 2022. Mr. Cheung obtained his Master of Business Administration Degree from The University of Chichester, United Kingdom. Mr. Cheung started his career in writing financial analysis and holding financial seminar as a finance columnist on various social media and newspaper in Hong Kong since January 2015, and founded Bofung Company Limited in July 2017. His financial investment course had over thousand of students. He is also a writer and published his own financial analysis book “財技x盤路：倍升股全攻略” in Hong Kong and Taiwan, with more than 2,000 copies sold. Mr. Cheung (i) had been an executive director of Goldway Education Group Limited (“**Goldway Education**”) (stock code: 8160), the issued shares of which are listed on GEM of the Stock Exchange, from April 2021 to September 2022 while he was appointed as a chairman of the board of directors of Goldway Education from January 2022 to September 2022; and (ii) has been an

independent non-executive director of Simplicity Holding Limited (stock code: 8367), the issued shares of which are listed on GEM of the Stock Exchange, since March 2023.

14. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made in pursuance thereof, of rendering all persons concerned bound by all provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), so far as applicable.

15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus Documents and the written consent as referred to under the paragraph headed “9. Expert and Consent” in this appendix, has been registered by the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

16. MISCELLANEOUS

- (a) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit from Hong Kong or repatriation of capital of the Company into Hong Kong. The Group will have sufficient foreign exchange, generated from operation of its subsidiaries, to pay forecasted or planned dividends and to meet its foreign exchange liabilities as they become due.
- (b) This Prospectus and the accompanying PAL have been prepared in both English and Chinese. In the case of any inconsistency, the English text shall prevail over their respective Chinese text.

17. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.irasia.com/listco/hk/haobai/) for a period of 14 days from the date of this Prospectus:

- (a) the Letter from the Board, the text of which is set out on pages 8 to 34 of this Prospectus;
- (b) the annual reports of the Company for each of the three years ended 31 March 2021, 2022 and 2023;
- (c) the report from McMillan Woods (Hong Kong) CPA Limited on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this Prospectus;
- (d) the material contracts as referred to in the paragraph headed “8. Material Contracts” in this appendix; and
- (e) the written consent of the expert as referred to in the paragraph headed “9. Expert and Consent” in this appendix.